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JEWELRY DISTRICT GOLD DEALER CONVICTED
BY U.S. JURY ON FIVE COUNTS OF MONEY LAUNDERING

DAVID N. KELLEY, the United States Attorney for the Southern District of New York, announced that a jury today found EDWIN FERNANDEZ, a jewelry district gold dealer, guilty of five counts of money laundering after a trial before United States District Judge ROBERT PATTERSON in Manhattan federal court.

The prosecution of FERNANDEZ was part of "Operation Meltdown," an undercover investigation targeting narcotics money laundering activities in the 47th Street jewelry district in Manhattan.

"Operation Meltdown" targeted a money laundering method commonly used by Colombian drug traffickers. Under this method, drug traffickers and money brokers who provide laundering services to the drug traffickers employ couriers to pick up cash at designated locations and deliver the cash to gold jewelers and suppliers. The jewelers or suppliers then exchange the cash for

gold or other precious commodities, which are then smuggled to Colombia, either via couriers or secreted in cargo. Once the gold arrives in Colombia, it is sold for Colombian pesos, which are then ultimately delivered to the narcotics traffickers.

The evidence at trial showed that between September 2002 and June 2003, FERNANDEZ, the operator of Nicolas Refineries on 47th Street, sold approximately 32 kilograms of gold to a law enforcement informant acting in an undercover capacity at the direction of federal agents.

The evidence also showed that FERNANDEZ had another 15 kilograms waiting for the informant at his jewelry district office at the time of his arrest. The evidence showed that the informant, while posing as a money courier for Colombian narcotics traffickers, represented to Fernandez that the money used to buy the gold was obtained through the sale of narcotics, and that the gold was to be smuggled to Colombia. The evidence at trial further showed that, in order to conceal his activities, FERNANDEZ instructed the undercover informant how to conceal the transactions by using code language to describe the gold, directed the informant not to use his name while speaking about the gold and to call him only on a wireless phone not registered to FERNANDEZ.

Over the course of the investigation, according to trial evidence, FERNANDEZ sold the gold to the informant in the form of gold shot, which is gold melted in the form of small pellets.

The evidence showed that FERNANDEZ received approximately \$350,000 in cash from the confidential informant in exchange for 32 kilograms of pure gold.

The charges were the result of an investigation conducted by the El Dorado Task Force, a multi-agency task force specializing in investigating money laundering violations, and was under the supervision of agents from the Bureau of Immigration and Customs Enforcement of Department of Homeland Security ("ICE") and the Internal Revenue Service Criminal Investigation Division ("IRS-CID"). The investigation was conducted in cooperation with the Organized Crime Drug Enforcement Task Force ("OCDETF").

Mr. KELLEY praised the investigative efforts of the El Dorado Task Force, as well as ICE and IRS-CID.

FERNANDEZ faces a maximum penalty of 20 years' imprisonment and a fine of \$500,000 on each of the five counts of conviction. The jury acquitted FERNANDEZ on two counts of money laundering. Sentencing is scheduled for September 8, 2004.

FERNANDEZ, 32, is a resident of Seaford, New York.

Assistant United States Attorneys JONATHAN R. STREETER and KEVIN R. PUVALOWSKI are in charge of the prosecution.

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